



JUST TRANSACTIONS, JUST TRANSITIONS

A Strategy for Social, Ecological and Economic Renewal in the Coastal Temperate Rain Forest Communities of North America – and Beyond

Ecotrust, Ecotrust Canada and the Corporation for Enterprise Development are joining forces to propose a powerful, innovative long-term initiative – Just Transactions, Just Transitions.

The place-based elements of this initiative will focus on Native American and First Nations communities of the coastal temperate rain forests of North America – the Ecotrust target area. The policy components will embrace nationally significant and transformative outcomes in the U.S. and Canada that will enable our initiatives to be replicated beyond the boundaries of the rain forest bioregion.

By ***Just Transactions***, we mean helping tribes gain greater access, ownership and control over lands and natural resources, as a poverty alleviation, conservation and environmental restoration strategy.

By ***Just Transitions***, we mean a deliberate and strategic approach to the process of building “more reliably prosperous”¹ communities, through local governance and sovereignty, enterprise development, the building of individual and community assets and capacities, and repatriation of alienated lands, with a focus on Native American and Canadian First Nations communities.

The Partnership

Ecotrust, Ecotrust Canada and the Corporation for Enterprise Development are three experienced non-profit organizations who share goals of promoting the emergence of more socially, ecologically and economically just communities. The work of all three organizations focuses on historically disadvantaged communities.

Ecotrust and Ecotrust Canada's shared mission is to promote the emergence of a conservation economy in the coastal temperate rain forest communities of North America.

The Corporation for Enterprise Development's mission is to foster widely shared and sustainable economic well-being by promoting asset-building and economic opportunity strategies – primarily in low-income and distressed communities – that bring together community practice, public policy, and private markets in new and effective ways.

Ecotrust's geographic concentration is one of the most culturally diverse and resource rich bioregions in the world. Here, we have sought to answer whether is it possible to “reverse the downward spiral of environmental, social and economic degradation with a ‘get rich slow’ process that maintains and restores ecosystem health, reduces the disparity between rich and poor, and increases economic opportunity for as many as possible.”² Ecotrust's widely acknowledged strength has been its ability to work in and with indigenous communities; to build information capacity and analytical capabilities in resource-dependent communities; to foster entrepreneurship as an asset-building strategy; to achieve internationally significant conservation outcomes; to broker capital and ideas to rural communities and to connect back to urban markets in tangible and mutually beneficial ways.

CFED's focus for the past two decades has been on enterprise development, individual assets and sustainable economies in both urban and rural communities, North America-wide. It has pioneered Individual Development Accounts; has championed enterprise development and been an innovator in micro-enterprise and development finance; and has sought to create policy options to promote sustainable economies. CFED's widely acknowledged strength is its policy, investment and practical expertise in assisting disadvantaged communities.³ CFED is creating a new program – Natural Assets and Environmental Equity – to extend the organization's activities beyond individual/ community financial assets to a broader definition at the nexus of economic development and environmental stewardship.

We have forged innovative partnerships – among them, with Shorebank and VanCity Credit Union focused on building community assets. Through Ecotrust's Natural Capital Funds, and CFED's Local Capital Markets Investments Fund, we have also built our internal organizational capacities to make active investments in the conservation economy. To date, the combined capital base of the “family” of Ecotrust/Shorebank Pacific organizations is roughly \$40-million U.S.; CFED's assets in 2000 exceeded \$10-million U.S.

In recent years, Ecotrust and CFED have explored a working partnership to seek greater leverage and investment capacity, to help bring our work to scale, and to make bold policy gains in

the U.S and Canada that support our mutual goals. We believe that a partnership between Ecotrust, Ecotrust Canada and the Corporation for Enterprise Development will be a powerful and unique collaboration that will significantly accelerate our missions and provide expanded benefits to our partner communities.

The Concept

It is clear that globally, the world has not done a good job of valuing its natural resources, or its “natural capital” as we put it at Ecotrust. That is especially true of countries like America and Canada, where resources have hitherto been plentiful enough that we've been complacent about how we extract/use them. Our “frontier” approach to resource development has often come at a steep cost to resource-dependent communities, especially indigenous communities, because typically they have been denied any meaningful participation in the economy. For example, “Local people's marginalization in commercial forest markets represents a tragic lost opportunity to enhance livelihoods of some of the world's poorest people,” says a forthcoming paper by Forest Trends.⁴ In *The Mystery of Capital*, Hernando de Soto recounts how the poor typically are excluded from the “legal” economy, and while they might save relatively more than wealthy people, and while they might even have assets, “they have houses but not titles, crops but not deeds, businesses but not statutes of incorporation...”⁵ which is surely true of our indigenous communities. In the words of Stephen Cornell, “American Indians living on reserved lands have long led the U.S. parade in unemployment figures, ill health, poor quality housing, and a host of other negative economic and social indicators: in the aggregate, they are among the poorest of the poor.”⁶

Ecotrust and Ecotrust Canada have, throughout their organizational histories, targeted and worked effectively with Native American and Canadian First Nations communities and leaders. “(Native) reservations cover a significant portion of the Western United States,” says a white paper on changing demographics in the West. “In addition, Native Americans

have a longer history of land management in the United States than any other ethnic group.”⁷ And their numbers are increasing, with tribal populations having experienced 72 per cent growth in the West between 1981 and 1998.⁸ In Western Canada, First Nations people remain wards of the state and own or occupy statistically insignificant areas of land. However, Canadian First Nations communities are undergoing what one newspaper has called a “baby boom” on reserves,⁹ and in British Columbia are engaged in treaty negotiations that promise to dramatically increase their land and resource base.

Ecotrust, Ecotrust Canada and the Corporation for Enterprise Development believe there is now an historic opportunity to leverage the growing size and political power of indigenous communities on the West coast towards a conservation economy. While fostering a conservation economy with indigenous people will not of itself ensure that this becomes the predominant economic model for this bio-region or by extension, continental North America, we believe this is the place of greatest leverage for finding the intersection of economy, equity and ecology and thereby bringing best practices to scale through ***Just Transactions, Just Transitions.***



Isaak Forest Resources

Just Transactions: Investments and Interventions

Our **Just Transactions** strategy will be achieved through community ecosystem and business partnerships. We will make opportunistic and strategic interventions in four key sectors – forests, fish, farming, ecotourism – to broker or participate in large-scale transformative investments with tribes and community based institutions that bring best practices to scale, improve social equity, and provide revenue engines for the conservation economy to emerge. This includes strategic buy-outs of existing resource businesses exhibiting poor resource stewardship that endangers community stability. We will:

➤ **Organize and deploy capital** for high-leverage, strategic buyouts of existing resource businesses exhibiting poor stewardship practices and endangering community stability. For example, Redfern Resources' promotion of the Tulsequah Chief mine imperils the opportunities of the Taku River Tlingit people and the ecology of the Taku River Valley. So too the Korean Alaskan Development Corporation's ownership of deep coal deposits in the Carbon Mountain area of the Copper River, Alaska, which threatens the sovereignty of Chugach and Eyak native interests and one of the world's largest remaining wild salmon fishery and North America's largest estuary on the Copper River Delta

➤ **Enter into joint ventures** with existing or emergent for-profit ventures in target sectors. For example, we will seek to raise social venture capital for Iisaak Forest Resources, a First Nations/Weyerhaeuser joint-venture in Clayoquot Sound, B.C. In doing so, Ecotrust Canada will take an equity position in the company and work to consolidate its performance as a conservation-based forest company, while promoting a model for other forest-dependent First Nations and Native American communities. Ecotrust, meanwhile, will partner with forest investment institutions to acquire forest lands for community renewal, ecological restoration and financial returns.

➤ **Work with communities and funding agencies** to repatriate alienated lands to indigenous communities, building on the success of the Kitlope Heritage Conservancy with the Haisla people and transfer of ownership of the Koeye River Lodge in B.C. to the Heiltsuk people as models for returning alienated lands and achieving conservation and community development outcomes.¹⁰ One immediate opportunity is the potential purchase and refurbishing of Namu, an old cannery site on the B.C. coast that is "one of the first fishing villages anywhere on Earth."¹¹

➤ At the invitation of the Klamath Tribes in Chiloquin, OR, **aid the tribe** in its long struggle to repatriate almost 700,000 acres of traditional and tribal reservation lands, now part of the Fremont National Forest east of Klamath Falls. The tribe has sustained senior water, subsistence hunting and fishing rights through decades of legal challenges. They are working on stream restoration programs and a 100-year restoration forestry plan.

➤ **Develop, advocate and implement policy options** for capturing the value of ecosystem services for coastal temperate

rain forest communities, and assess the applicability of such policies to other parts of the United States and Canada. These goods and services have been shown by myriad studies to be of tremendous, untapped value.¹² Natural assets provide public services, such as water purification, that are often less expensive than human-built infrastructure and provide greater environmental benefits. For example, several communities in California have recently used non-structural flood control on farmlands in place of levees and dams. We would seek out the most promising of these public services and assist entrepreneurs in gaining payment for these services and in promoting policies that rely on natural assets rather than built ones.

➤ **Target key sectors:** salmon restoration and preservation; ecotourism development; sustainable agriculture; forestry. To take forestry as an example, we will work in communities and in collaboration with partners such as the Certified Forest Products Council, with whom Ecotrust and Ecotrust Canada signed a memorandum of understanding in October, 2001, to expand the number of Forest Stewardship Council-certified acres; expand the number of FSC chain-of-custody certified companies; and increase public awareness of and support for certification. As with Iisaak (above) and other examples, we hope to demonstrate, as postulated by Forest Trends, that "transferring (or returning) forest assets to the ownership of the poor, or securing long-term use rights is a politically and financially feasible strategy for poverty reduction, and a necessary condition for them to enter into long-term business contracts."¹³ Importantly, Forest Trends states in its own words what has long been obvious to Ecotrust, Ecotrust Canada and CFED, which is that "it is highly unlikely that large-scale forest conservation can be achieved without engaging local people in commercially viable forest enterprises." Indeed it is our belief that this holds for all sectors, in all places where we work, and in particular is true of indigenous communities.



The cross-border Taku Watershed

Just Transitions: Building Assets and Capacities

Our **Just Transitions** strategy will be achieved through partnerships in indigenous communities in Ecotrust and Ecotrust Canada's targeted community ecosystem programs.¹⁴ Our partners in these communities rely upon Ecotrust and Ecotrust Canada to broker access to tools, to information, and to resources. As a full partner in this initiative, CFED will bring new tools and capacities, especially in the area of policy. Together, all three organizations will:

➤ **Lay the foundation for a savings and investment system** to promote economic advancement in target communities. The goal of this program is to *build individual assets*.

➤ **Expand our partnerships** with Shorebank Enterprise Pacific, Shorebank Pacific, and VanCity Credit Union, to provide increased access to credit and business services, primarily through non-profit revolving loan funds and for-profit lending in the U.S. and Canada. CFED will contribute a policy component to this work, whose goal is to *develop enterprises and human capital through finance, education and policy development*.

➤ **Continue to partner with target communities** to develop information resources essential to good resource decision making. The goal of this work is to champion *information democracy* in communities historically denied meaningful participation in decisions about regional resource development.



Koeey Hereditary Chief
Edwin Newman

➤ **Frame policy options** for mitigating the potential negative economic impacts on jobs and income on Canadian First Nations and Native communities during the transition to a conservation economy. The phrase “just transitions” is often used to indicate a fair transition for workers whose jobs have been negatively impacted by government or private sector policy. We will first investigate and describe the impacts of a transition to sustainability on jobs and communities. We will then identify policy options for mitigating the negative impacts. For example, some sectors, such as forestry, tend to be highly subsidized; perhaps this subsidy could be shifted from encouraging unsustainable activities to mitigating the negative impacts of a shift to sustainability.

➤ **Develop, advocate, and implement policy options** for community asset building strategies that build upon the wealth of data and experience gathered by CFED’s asset development work in policy and community practice. CFED has long advocated for individual development accounts (IDAs), matched savings that help low-income families build assets and enter the economic mainstream. In some contexts, individual development accounts may be inappropriate, particularly in tribal communities where a focus on individual assets may be regarded as harbingers of community breakup. We will build upon the wealth of data and experience we have gathered over the past six years with IDAs to explore and implement community asset building strategies.

➤ **Promote new institutional structures** through which to organize leadership and best practices in indigenous communities (e.g. Buffett leadership award; Aboriginal Mapping Network; nativewood.org).

Conclusion

There is no doubt that incremental environmental advocacy will do little to protect the important remaining forest, fish, agricultural and tourism capital of the northwest, our natural capital. It will also have negligible benefits for promoting cultural diversity, and enhancing economic opportunities for historically disadvantaged people. A conservation economy depends on a huge number of people and enterprises doing a number of things well. It also depends on a small number of large enterprises leading the way to sectoral best practices.

This is a pivotal time in the history not only of the communities where we work, but for the non-profit and philanthropic sectors. Governments have increasingly sought to offload service delivery to the non-profit sector, at the same time that philanthropy is now able to deploy resources of a magnitude unthinkable even a decade ago. In the U.S., the “independent sector” delivers almost 13 per cent of national income (a staggering \$665 billion);¹⁵ in Canada, likewise, between 12 and 13 per cent of Gross Domestic Product passed through registered charities in 1993,¹⁶ and that number is believed to have grown considerably in the intervening years.

Given the contribution of philanthropy and the independent sector to the economies of both Canada and the U.S., it is rea-



Klamath Tribal Chief
Allen Foreman

sonable to contend that there are potentially sufficient resources available to non-profits to enact systemic change, even at the level of whole regional economies. The challenge for funders is to find capable delivery agents; the challenge for organizations like Ecotrust, Ecotrust Canada and the Corporation for Enterprise Development is to attract investments of a size that allows us to have a transformative effect in our target communities.

Our three organizations have done pioneering work to catalyze and broker community and enterprise development at the small-medium enterprise level, promote asset building and economic opportunity strategies in low-income communities, and advocate for economic relationships that maintain ecological integrity while advancing social equity. With our track record as patient community partners, prudent investors, innovative policy advocates and organizers of capital and information resources, we now seek to take the work of building the conservation economy to a whole new level. Sectoral transformations are within reach, and can be achieved with benefits to indigenous communities that hitherto have simply not concerned industrial investors. With a mixture of social venture capital, philanthropic capital and plain old good business savvy, we hope to facilitate a just transition to a conservation economy, in our bioregion, and beyond. ■

NOTES

- ¹ Jacobs, Jane (2000), *The Nature of Economies*, Vintage Canada: Toronto, p. 12.
- ² Ecotrust, Ecotrust Canada, Shorebank Enterprise Pacific, ShoreBank Pacific, *Natural Sense: The Conservation Economy Emerges, 1991-2001*, p. 2.
- ³ Corporation for Enterprise Development (2000), Annual Report, *Ideas that Make Economies Work ... for Everyone*.
- ⁴ Scherr, Sara J., Andy White, and David Kaimowitz (August 2001, draft), “Strategies to Improve Rural Livelihoods Through Markets for Forest Products and Services,” *Forest Trends*.
- ⁵ Cayo, Don (June 6, 2001), “Tapping the wealth of the world’s poor,” *Vancouver Sun*, p. A14.
- ⁶ Cornell, Stephen (March 1, 2001), *Nation Building and the Treaty Process*, Speech to the British Columbia Treaty Commission Forum, Vancouver, B.C.
- ⁷ Pyramid Communications (2001), *Shifting Demographics in the United States: A Portrait of Social and Political Change*, p. 18.
- ⁸ Pyramid Communications, op. cit., p. 6.
- ⁹ Bramham, Daphne (February 10th, 1998), “Indian numbers add up to a better Canada,” *Vancouver Sun*.
- ¹⁰ Morton, Brian (March 29, 2001), “Prime Rain forest property handed to First Nations,” *Vancouver Sun*, p. A12.
- ¹¹ Ecotrust Canada (2001), *North of Caution*, p. 19.
- ¹² Heal, Geoffrey (2000), *Nature and the Marketplace: Capturing the Value of Ecosystem Services*, Island Press: Washington DC.6 and Daily, Gretchen C. (1997), *Nature’s Services: Societal Dependence on Natural Ecosystems*, Island Press: Washington DC
- ¹³ Forest Trends, p 45.
- ¹⁴ Ecotrust, Ecotrust Canada (2001), *Ecotrust Program Strategies*.
- ¹⁵ Independent Sector (2001), *The Non-Profit Almanac In Brief*, p.7
- ¹⁶ Sharpe, David (1994), *A Portrait of Canada’s Charities: The Size, Scope and Financing of Registered Charities*, Canadian Centre for Philanthropy, Executive Summary.

Artwork front page adapted from “The Smart One,” a mask carved by Dempsey Bob. “The Smart One” depicts a powerful character from Tlingit lore.